

\$12.5 billion in 2005, according to the Interactive Advertising Bureau and PricewaterhouseCoopers LLP.

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Taming Video Internet

Innovation in technology and services will win.

Video over the Internet is a very hard problem to solve.

There are three key challenges faced in serving Internet video:

- 1) A demand challenge - Exponential demand by audience with more devices that have video capability coming into the market
- 2) The conversion challenge – converting hundreds of video formats and numerous audio formats – all to a single format.
- 3) A distribution challenge– Video requires 10x the bandwidth versus images to distribute it to millions of people. Infrastructure companies scrambling to keep up with the growth.

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Now that I've sketched some of the market background, let's tune into YouTube

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18-55
51% male/49% female

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50%US/50% International

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Some are becoming stars with significant viewership (one recent MTV deal)

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-User-Generated: x-thousands of uploads a day across y-categories

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-Professional: Dimension Films, E! Networks, NBC, Showtime, Paramount Classics, Capitol Records

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We recently announced a strategic agreement with NBC to promote their Fall line-up and other programming including The Office, Saturday Night Live, Tonight Show, etc. It includes a cross-promotional

and advertising relationship on YouTube and significant on-air mentions on NBC. They are also running a user-generated contest on YouTube for “The Office” to encourage users to create 20 sec promo spots that they will air on television.

This announcement is a result of the proactive work we have been doing to address copyright issues and we are in discussions with all the major networks, record labels and movie studios and you will continue to see more agreements of this kind.

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Advertisers: big brand advertisers are already reaching their audience with us

-Sony, Disney for the Pirates of the Caribbean, NBC, Panasonic

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Mission

To create the next-generation platform for delivering media worldwide

Many of you in the audience are looking at new ways to distribute your films, TV programs and music to reach a new audience (or reach your audience online)

YouTube is a new channel to market your content through short-form promotional offerings reaching an audience to entice them to go to see the movie, tune into the TV show, and buy the music.

Furthermore, there are innovative new online advertising approaches for both you and your advertisers.

The content + the advertising is designed to enhance the user’s experience while achieving the advertiser’s business and brand objectives.

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Ensure sound

Include funny clips